GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6026
ANSWERED ON:31.08.2001
DEBT REPAYMENT SCHEME
SUSHIL KUMAR SAMBHAJIRAO SHINDE

Will the Minister of FINANCE be pleased to state:

(a): whether attention of the Government has been drawn to the news item captioned`Junk in Dubai fraud in Moscow, rich in Mumbai` as reported in Indian Express dated August 12, 2001;

(b): if so, the facts reported in the newspaper;

(c): the details of debt repayment made so far under the debt repayment scheme to Russia;

(d): whether the Government are aware that this scheme is widely misused by some exporters;

(e): if so, the detials thereof;and

(f): the steps taken by the Government to ensure that the export made under this scheme may reach Russia as per agreement?

Answer

MINISTER OF FINANCE IN THE MINISTRY OF FINANCE (GINGEE N. RAMACHANDRAN)

(a) & (b) : Yes, Sir. The news item refers to defrauding of Russian Debt Repayment Scheme, alleging, inter alia, abuses of the scheme as detected by investigating agencies discovering evidence of massive fruads, money laundering and number of export shipments consigned to Russia being diverted while en-route, to Dubai.

(c) : The information is being collected and will be laid on the Table of the House.

(d) & (e) : The Government is aware that the scheme has been misused by some unscrupulous exporters and has already ordered detailed investigations to be carried out in respect of fraudulent exports from India to Russia effected byseveral Indian exporters against repayment of State Rupee Credit.The probe so far has revealed several shipments having been effected by different exporters to Russia but off-loaded en-route and handed over to third parties,mostly in Dubai. A number of such consignments also involve fraudulent claim of Duty Drawback. Investigations by the DRI and other investigating agencies of the Government are in progress.

(f): Monitoring mechanism for India`s exports to Russia on debt repayment track is being strengthened. Banks have been advised in a meeting called by Reserve Bank of India toinstruct their branches to exercise caution while scrutinizing documents relating to exports to Russia under the scheme of repayment of state credit and not to negotiate letters of Credit unless they are satisfied on the basis of documents tendered by their clients that the goods covered under the said documents would reach Russia. Intelligence agencies have also been alerted to be on the vigil to prevent diversion of goods while en-route to Russia.